

STEVE COOLEY LOS ANGELES COUNTY DISTRICT ATTORNEY

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March 16, 2004

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012

Dear Supervisors:

AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 11th YEAR GRANT FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (SCDI), FOR THE WORKERS' COMPENSATION INSURANCE FRAUD (WCIF) PROGRAM FOR FISCAL YEAR 2003-04 (ALL DISTRICTS) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

- 1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the WCIF Program from SCDI. Funds in the amount of \$4,522,691 will be provided by SCDI for the period of July 1, 2003 through June 30, 2004 to fully offset program costs.
- 2. Authorize the District Attorney to execute the Grant Award Agreement on behalf of the County of Los Angeles.
- 3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the Grant Award Agreement that do not affect the net County cost of the Agreement.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 27, 2003, the District Attorney submitted an application to SCDI to continue funding for the WCIF Program in FY 2003-04. A Grant Award Letter was received on March 9, 2004 in the amount \$4,522,691. The SCDI has awarded funding for the WCIF Program for the past ten years. The grant will be used solely to increase the investigation and prosecution of workers' compensation fraud cases and cases relating to the willful failure to secure the payment of workers' compensation.

As part of the Grant Award Agreement, SCDI requires adoption of the enclosed resolution, which has been approved as to form by County Counsel.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing an available revenue source at the state level. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime, such as workers' compensation insurance fraud, throughout the County.

FISCAL IMPACT/FINANCING

Grant funds in the amount of \$4,522,691 have been awarded to the Los Angeles County District Attorney for the WCIF Program. The SCDI grant offsets 100 percent of this program cost; therefore, there is no net County cost impact. Funding for this program was included in the department's 2003-04 budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of Section 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims.

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The objective of the Los Angeles County District Attorney's Workers' Compensation Insurance Fraud Program is the prevention, deterrence and prosecution of those abusing the workers' compensation system by criminal methods.

The WCIF Program team consists of highly qualified prosecutors and investigators, who study, analyze, and identify problems of workers' compensation fraud; institute thoughtful and practical program strategies designed to effectively prosecute criminal violators and deter others from unlawful conduct; work cooperatively with the Department of Insurance and other local, state and federal agencies; provide meaningful outreach and communication with public entities, carriers, self-insurers, Third Party Administrators, employers, employees, and the public at large; and, offer specific training to those individuals and entities which are sources of case referrals.

In comparison to FY2001-02, program activity increased significantly in FY2002-03: 219 document referrals received, an increase of 80%; 103 investigations initiated, an increase of 72%; 64 defendants charged, an increase of 114%; and, \$2,136,782 in restitution collected, an increase of 61%. Program goals for FY2003-04 include opening 100 new investigations and initiating 60 new prosecution cases.

This grant provides 100 percent funding for 28.40 full-time and 1.0 part-time positions as reported on the attached Grant Management Statement.

IMPACT ON CURRECT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

Acceptance of these grant funds is strongly recommended.

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to return a copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures, to Emily Aidells, Contracts and

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Grants Unit, Los Angeles County District Attorney's Office, 201 North Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Very truly yours,

STEVE COOLEY District Attorney

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Enclosures

c: Chief Administrative Officer County Counsel

Los Angeles County Chief Administrative Office Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney		
Grant Project Title and Description		
Workers' Compensation Insurance Fraud Program The focus of this program is to enhance prosecutorial efforts in ongoing criminal investigations and prosecution of workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to investigate and prosecute unscrupulous doctors, chiropractors, and lawyers engaged in workers' compensation insurance fraud.		
Funding Agency California Department of Insurance	Program (Fed. Grant # /State Bill or Code #) California Insurance Code Section 1872.83	Grant Acceptance Deadline
Total Amount of Grant Funding: \$4,522,691 Grant Period: FY2003-2004 Begin Date: July 1, 2003 Number of Personnel Hired Under This Grant: 29.40 County Match: \$0 End Date: June 30, 2004 Full Time: 28.40 Part Time: 1.0		
Obligations Imposed on the County When the Grant Expires		
Will all personnel hired for this program be informed this is a grant-funded program? Yes 🗸 No		
Will all personnel hired for this program be placed on temporary ("N") items? Yes ✓ No		
Is the County obligated to continue this program after the grant expires? Yes No ✓		
If the County is not obligated to continue this program after the grant expires, the Department will:		
a). Absorb the program cost without reducing other services Yes No		
b). Identify other revenue sources (Describe)		Yes No
c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ✓ No		
Impact of additional personnel on existing space: None		
Other requirements not mentioned above: None		

Date 3/10/04.

Department Head Signature 5. L. Cov

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BOARD OF SUPERVISORS COUNTY OF LOS ANGELES RESOLUTION

Authorization to Accept a Grant Award from the
State of California, Department of Insurance
Pursuant to California Insurance Code
Chapter 12 commencing with Section 1871, et seq.

WHEREAS, the provisions of Section 1872.8 of the California Insurance Code authorize the State Department of Insurance to award and distribute certain funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims; and the District Attorney is charged with providing prosecution of all felony offenses committed within this County; and

WHEREAS, the Board of Supervisors of Los Angeles County recognizes that fraudulent claims are costing our citizens millions of dollars annually, with thousands of jobs being lost due to local business closures precipitated by escalating workers' compensation costs caused by fraud; and

WHEREAS, the County of Los Angeles, acting through its Board of Supervisors, desires to combat workers' compensation insurance fraud by undertaking a certain project designated the "Workers' Compensation Insurance Fraud Program" by the District Attorney to be funded through funds made available by the Insurance Fraud Prevention Act as provided for pursuant to California Insurance Code 1872.83, administered by the California Department of Insurance; and

WHEREAS, the State of California Department of Insurance approved the fraud reduction plan submitted by the Los Angeles County District Attorney's Office

1 for Fiscal Year 2003-2004, for the Workers' Compensation Insurance Fraud Program 2 for this specific task. NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of 3 the County of Los Angeles hereby authorizes and approves acceptance of grant funds 4 from the State of California, Department of Insurance, to be used exclusively for the 5 program designated the "Workers' Compensation Insurance Fraud Program" for the 6 period covering July 1, 2003 to June 30, 2004; 7 BE IT FURTHER RESOLVED that the County of Los Angeles 8 hereby authorizes the District Attorney to serve as Project Director and to perform 9 all further tasks necessary for the completion of the project, including 10 any extensions, execution and submission of amendments, progress reports, and 11 payment requests relating to the Grant Award Agreement; 12 I DO HEREBY CERTIFY that at a regular meeting of the Board of 13 Supervisors of the County of Los Angeles, on this _____ day of 14 , 2004, the forgoing Resolution was adopted. 15 IN WITNESS WHEREOF, I have hereunto set my hand and affixed 16 the seal of the Board of Supervisors of the County of Los Angeles this 17 day of ______, 2004. 18 VIOLET VARONA-LUKENS. 19 **Executive Officer- Clerk of the** Board of Supervisors of the 20 County of Los Angeles 21 By_ Deputy 22 APPROVED AS TO FORM BY COUNTY COUNSEL: 23 LLOYD W. PELLMAN 24 25 26